

Office of City Auditor – City of Seattle

Monthly Report – June 2004



The City Auditor is Seattle's independent internal auditor, appointed by the City Council's Finance Committee Chair and confirmed by the full Council. The Office of City Auditor conducts financial, performance, management, and compliance audits of City departments, programs, grantees, and contracts. The office can be reached at (206) 233-3801, or on the Internet at <http://www.seattle.gov/audit>.

Recently Published

In June, our office issued a memorandum about its review of Consumer Affairs' Weights and Measures/Taxicab Inspection Programs. This preliminary review examined the Consumer Affairs Unit's inspection, enforcement, and revenue collection activities for the weights, measures, and taxicab programs. Based upon our review, we concluded that Consumer Affairs conducted appropriate inspections and follow-up inspections of weights, measuring devices, and taxicabs; monitored and responded to consumer complaints as required; and collected revenues associated with the enforcement of City codes. We also concluded that because Consumer Affairs met its regulatory objectives, it did not require a full audit review.

Special Projects

*** Risk Vulnerability Assessment**

Many cities and organizations use a risk/vulnerability assessment framework to identify the key financial, operational and compliance risks of an operation. The primary goals and objectives of a risk/vulnerability assessment include:

- Identifying the key business activities including finance, operations and compliance.
- Identifying the key operating and financial risks related to those activities.
- Weighting the risk factors based on the likelihood, degree and significance of risk for the activity and organization under consideration.

- Summarizing and documenting the information to identify the activities in the organization most likely to incur significant risk.
- Using this information to inform management decisions, to facilitate cost-effective investments in internal controls to address risk, and to facilitate the development of a value added audit plan.

Recently the Office of City Auditor began a pilot project to assess the practicality of such an approach for Seattle.

*** Quality Assurance Review**

One requirement of the Institute of Internal Auditor's professional standards is that audit organizations receive an external quality control review (peer review) at least once every five years. The objective of a peer review is to determine whether an audit organization's internal quality control system is in place and operating effectively, and to provide assurance that established policies and procedures and applicable auditing standards are being followed. The Office of City Auditor is gearing up for a peer review in 2005. Kris Castleman is in charge of ensuring that our office passes this comprehensive review.

In conjunction with this external peer review, the office has also begun an internal review of its administrative practices to ensure its policies and procedures are consistent with Citywide policies and procedures. Aurora Mendoza is in charge of this administrative audit.

Status of Seattle Office of City Auditor Rolling Work Program¹

(Highlighted projects denote change in status from May)

Projects in the Preliminary Stage (see definitions below)

Seattle City Light's Newhalem Library
Seattle City Light's Seattle Municipal Tower Employee Store
Overweight Trucks on Streets

Projects in the Job Design Phase

Domestic Violence
Information Technology Inefficiencies
Impact of Climate Change on City Operations and Facilities
Seattle City Employees Retirement System Follow-Up
City Procurement Cards

Projects in the Data Gathering and Analysis Phase

Business Taxes
Construction Contract Review
Construction Contract Closeout
Procurement at Seattle Public Utilities

Projects in the Report Writing Phase

Response to SLI on Quality Assurance Reviews of
Information Technology Projects (Non-Audit Project)
Seattle Channel
Seattle City Light Customer Service Center Cash Audit
Project Share
Low Income Rate Assistance Follow Up

To Do Projects

Boards and Commissions
Boundary Dam Internal Controls
Citizen Complaints Audit Follow-Up
City's Weatherization Programs
Construction Scheduling
Fire Levy
Hiring Freeze
Homeland Security
Madison Pool Facility Cash Fund Follow-up
Municipal Court Collection Services Follow-Up
Museum Development Authority
Neighborhoods Service Centers Cash Handling Follow-Up
Quality Assurance Review of Office of City Auditor
Revenue Trends
Seattle City Light Follow-Up
Seattle Department of Transportation Permit Center Follow-Up
Small Works Roster—Construction
Small Works Roster—Consultants
Street Use Permits
Street Vacations
Treasury and Business Improvement Area Follow-Up
Warehouses—Citywide

Ongoing Projects

Cable Customer Bill of Rights
Citywide Cash Handling

Preliminary: Preliminary review under way to determine whether topic is valuable for an audit.

Job Design: Audit scope is determined and a data-gathering plan is developed. A decision is also made on whether to continue the audit at the end of this phase.

Data Gathering and Analysis: Comprehensive fieldwork and in-depth analysis is completed during this phase.

Report Writing: Development of the final report.

Follow-Up: Assessment of City departments' implementation of earlier audit recommendations is often completed one to two years after publication.

To Do: Issues the office will consider examining as staff resources become available.

Ongoing: Official briefings, management reporting, and other small consulting engagements performed on a continuous or regular basis.

¹The Office of City Auditor maintains a "rolling" work program. Throughout the year, we receive new audit suggestions and reprioritize our work program to ensure that we address the most important issues first. The office is currently staffed to complete 12 to 14 projects annually.